

**SECTION 51C SPECIAL ED HEADLEE OBLIGATION**

The total amount of your April 2004 payment is correct. However, the amount of the line item labeled “51c SPEC ED HEADLEE OBLIGATION” under the section on page one of the State School Aid Financial Status Report labeled “CURRENT YEAR ALLOWANCES” is not correct for the April 2004 payment. The amount of the allowance showing on the report is approximately 99% of what it should be. The problem with this calculation was discovered after the payment file was sent to the State’s accounting system and through the banking system. Therefore, it was too late to correct the problem for the April 2004 payment. The problem will be fixed for the May 2004 payment. We apologize for any inconvenience that this may cause.

The total dollar amount of the payment is correct because the amount of the discrepancy (shortfall) in the Special Education Headlee Obligation is, by formula, paid to the district in the line item labeled “22b DISCRETIONARY PAYMENT.” That is because the dollar amounts on page two of the status report under the heading “OTHER CURRENT YEAR CALCULATION INFORMATION” were all calculated properly. Since, by formula, the Discretionary Payment is calculated by subtracting the sum of the Proposal A Obligation plus the Special Education Headlee Obligation from the sum of the Other Current year Calculation Information items, the amount that the Special Education Headlee Obligation is short was paid in the Discretionary Payment line item.

**FY 2005 STATE SCHOOL AID**

In the March UPDATE, we reported that Governor Granholm had presented her executive budget recommendation for FY 2004-2005 (FY 2005) state school aid in February. The full Senate has now passed Senate Bill 1069 (SB 1069) which would amend school aid for FY 2005. The following is a brief list of some of the provisions of SB 1069, as passed the Senate:

- C The **minimum** foundation allowance in FY 2005 would be \$6,700.00. All districts would have a foundation equal to their per-pupil foundation in FY 2004.
- C **At-risk pupil funding** (§31a) would be reduced by \$9.9 million to \$304.3 million. As in FY 2004, a portion of at-risk funding would continue to be earmarked for **school-based health clinics**.
- C **Michigan School Readiness funding** (§32d) would be reduced by \$2 million to \$70.8 million.
- C Other programs that would remain at the FY 2004 level for FY 2005 include:
  - Bilingual Education (§41) at \$4 million;
  - Bus Driver Safety & Auxiliary Services Transportation (§74) at \$1.6 million.
- C Categoricals that would be increased for FY 2005 include:
  - Renaissance Zone Reimbursements (§26a) increased by \$6.2 million to \$36.2 million;
  - School Bond Loan Fund Payments (§11j) increased by \$12.8 million to \$41.1 million.
- C There are no new categorical programs proposed for FY 2005 in the Senate passed version of SB 1069.
- C Categoricals that would be reduced for FY 2005 include:
  - ISD General Operations (§81) by \$12.5 million to \$79.2 million;
  - Center for Educational Performance and Information (§94a) by \$3 million to \$1.5 million;
  - Freedom to Learn (§98b) by \$17 million to \$22.3 million, including \$17.3 million federal.

There are no categorical programs from 2004 that would be eliminated. However, there are some differences between the executive recommendation and the Senate passed version that will impact a district’s school aid payments, including the following:

- C The **Pupil Membership Blend** (§6(4)) would remain an 80%-20% blend of the current-year September count and the prior-year February count respectively as opposed to a 50%-50% blend of those two counts as proposed in the executive recommendation.
- C The **Three Year Average Membership Blend** language (§6(4)(y)) for districts with less than 1,550 pupils (blended) and fewer than 4.5 pupils per square mile would be retained.

- C **Hold Harmless Payments** (§20j) would not be reduced by up to \$74 per pupil for districts with a combined per pupil foundation plus per pupil 20j amount greater than \$9,000 as proposed in the executive recommendation.
- C A district **Consolidation** incentive would not be added as a new section (§20l) as proposed in the executive recommendation.
- C The Senate passed bill expands on the executive recommendation language that the 51 hours of **Professional Development Time** (§101) that are currently allowed to be counted as hours of pupil instruction towards the required 1,098 hours would only be allowed to be counted if that professional development is focused on achieving Adequate Yearly Progress (AYP) per the No Child Left Behind Act to include accreditation purposes and maintaining teacher certification.

The summary provided above should not be considered a complete description of the content of SB 1069. Also, please be advised that changes are likely as the bill makes its way through the legislative process. SB 1069 will be taken up in the House as they return from Spring recess. Details on the Executive Budget Proposal can be found at [www.Michiganlegislature.org](http://www.Michiganlegislature.org).

### **FY 2003 FORM B AND REGISTRY OF PERSONNEL DATA**

An analysis of the FY 2003 Form B and Registry of Educational Personnel (REP) data submitted to the Center for Educational Performance and Information (CEPI) indicates an average teacher salary that is outside normal salary parameters for several districts. It is important that we “clean up” this data, because it is used to compile the *Bulletin 1014 Michigan Public School Districts Ranked by Selected Financial Data*. This Bulletin is used by many different people including school districts, parents, media members, unions, educational associations, legislators, and other state agencies for a variety of reasons. Districts with data that are in question will soon be receiving a letter jointly signed by the Department and CEPI with the calculation of their FY 2003 average teacher salary. The average teacher salary is calculated by dividing the total K-12 instructional professional salaries for function codes 111-113 (inclusive) from the FY 2003 Form B by the K-12 basic instruction teacher FTEs for kindergarten, elementary, middle, and high school teachers reported in field 10 of the FY 2003 REP. An opportunity to report more accurate FY 2003 data will be provided in an on-line application. If your district receives this correspondence related to your average teacher salary, please correct your data by the due date that will be provided in the correspondence so that we can publish the FY 2003 Bulletin 1014. Contact Glenda Rader, State Aid and School Finance, (517) 335-0524 or [RaderG@Michigan.gov](mailto:RaderG@Michigan.gov).

### **SPECIAL EDUCATION COSTS UPDATED FOR REMAINING DISTRICTS**

For many districts the March 2004 payment was calculated using updated special education and special education transportation cost figures. The remaining districts have now had their special education transportation costs updated as well. The figures now being used are the costs reported for FY 2003. More districts have had their special education costs updated to those from FY 2003. The remaining districts will have their costs updated in the May payment. In addition to affecting the current year Section 51c - Special Education Headlee amount, this update may cause adjustments to the current year Section 22b - Discretionary Payment as well as causing prior year adjustments for FY 2003 Section 51c and possibly FY 2003 Section 22b. Questions concerning these changes may be directed to Dianne Easterling, (517) 241-4517, [EasterlingD@Michigan.gov](mailto:EasterlingD@Michigan.gov).

### **GENERAL INFORMATION**

- The **DS-4168B, Planned Number of days and Clock Hours of Pupil Instruction** was due **April 15, 2004**. The form is available on line at [www.michigan.gov/mde](http://www.michigan.gov/mde). Select “keywords” along the top of the screen and then “State Aid Forms.” Contact Joellen Wonsey (517) 373-3352, [WonseyJ@Michigan.gov](mailto:WonseyJ@Michigan.gov) with questions.
- The 4<sup>th</sup> quarterly count date for **Adult Education** program participants is the 4<sup>th</sup> Wednesday in April, **April 28, 2004**.
- C The proration factor for Section 31a - At Risk funding is \$98.8499553618 per pupil. The factor for Section 62 - Vocational Education Millage Equalization is .8499646603 and for Section 56 - Special education Millage Equalization is .7826971658.

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\*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Dan Hanrahan, Director, State Aid & School Finance, MDE**, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: [HanrahanD@Michigan.gov](mailto:HanrahanD@Michigan.gov).